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Living With Risk

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How Futures Work

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Perspectives

Weather, which has already played a significant role in the developing crop season, continues to hold the wild card. U.S. crops were planted early, but yields may not match last year's records. On the other hand, it looks like foreign grain harvests will be larger than last year. Even so, USDA analysts say that world import needs will remain large enough to support another possible export record in the coming year.

The Soviets had some early weather problems, but forecasters say their total grain output may reach 190 to 220 million metric tons, up from last year's short 179 million. They're still likely to rely on imports for 22 to 34 million tons in 1980/81, perhaps matching this year's level. There's no word yet whether they'll be buying from the U.S.

Some relief for Northern Plains . . . Early June rains finally brought some relief to most of the drought areas. It's been pretty dismal, but conditions have improved some, reported Dick Coulter of North Dakota's ESCS state office. Pasture was suffering more than anything. It's put a real strain on our cattle industry, Coulter said, pointing to heavy cattle sales at low prices.

Washington's Mt. St. Helens still rumbles . . . The volcano recently erupted for the 3rd time but apparently left most farmland untouched. Agricultural losses from the first eruption on May 18 are still not fully assessed, though initial estimates are being adjusted downward. Ash drifts buried some fields, damaged some equipment, and disrupted shipping. But most farms and crops seem to have come through okay, reported Washington state's Jim Kitterman in mid-June. He heads the ESCS office there.

Volcanic wheat? . . . Kitterman said most spring wheat is coming right up through the ash as if it were another layer of soil. And the winter wheat harvest, which typically runs from July-September, should get underway on schedule, barring another big eruption. Good sign: The wheat was growing quite tall, meaning farmers can keep their cutting bars high and not stir up the abrasive dust which can damage machinery. Frequent filter and oil changes should keep the combines running.

Farm prices inch up . . . USDA's index of prices received by farmers, which declined in 3 of the first 4 months this year, took a small upward turn in May. A good sign, some say, but it still left the index 5% below its December 1979 level. May's prices paid index, which measures the cost of farm production inputs, was up nearly 6% from December.

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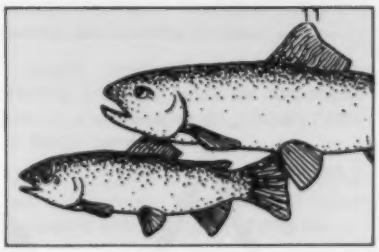
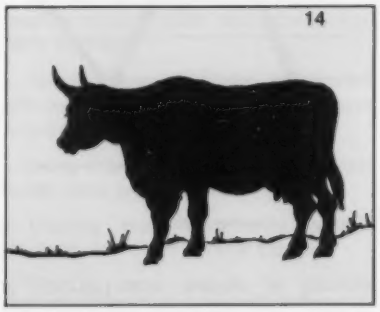




FEATURE

The "Healthy Country Life" Myth

Mention country living and city people probably think of vigorous work, clean air, and fewer tensions—in short, a healthier life. The truth is that rural residents often face greater health risks and limited access to quality health care.

The myth of healthier country living is quickly shattered by statistics. Infant mortality rates are higher in rural areas than elsewhere, and rural residents also lag in the composite health status index which measures rates of infant mortality, mortality by age group, and deaths due to influenza and pneumonia by age group.

What people think of their own health is another yardstick. When asked how they would assess their health, 15 percent of rural residents rated it as poor, compared with fewer than 12 percent of metro residents.

Dangerous Jobs, Older Residents

Why do rural residents have more health problems? Two characteristics of rural America—hazardous occupations and a greater proportion of elderly people—are part of the answer, according to USDA economist Mary Ahearn.

Any area where people work in dangerous jobs will require more health services. Agriculture and forestry are among the most hazardous occupations whether measured by rates of fatality, injury, or illness.

A recent study at the University of Iowa showed that farmers are more prone to certain types of cancer than nonfarmers. It's because of their routine contact with chemicals, dust, and animal viruses. Accident rates are also high in farming, although there's evidence that they're coming down (see following story).

Despite these risks, farmworkers are less likely to have medical insurance than any other job group. In a study of health coverage by occupations, farm laborers and foremen showed the highest percentage not insured (41 percent). The only other group close to that figure was private household workers, with 25 percent.

In addition to occupational hazards, average age also affects the need for health services. The elderly see doctors more frequently and spend more time in hospitals. Of all people 65 or older, and not in institutions, three-fourths have one or more chronic conditions, and almost two out of five have a chronic condition that limits their activity.

Yet persons age 65 and over make up 12 percent of the rural population and only 10 percent of the metro population. Children and teenagers also require more health services and are more heavily represented in rural areas.

Fewer Doctors, Shorter Visits

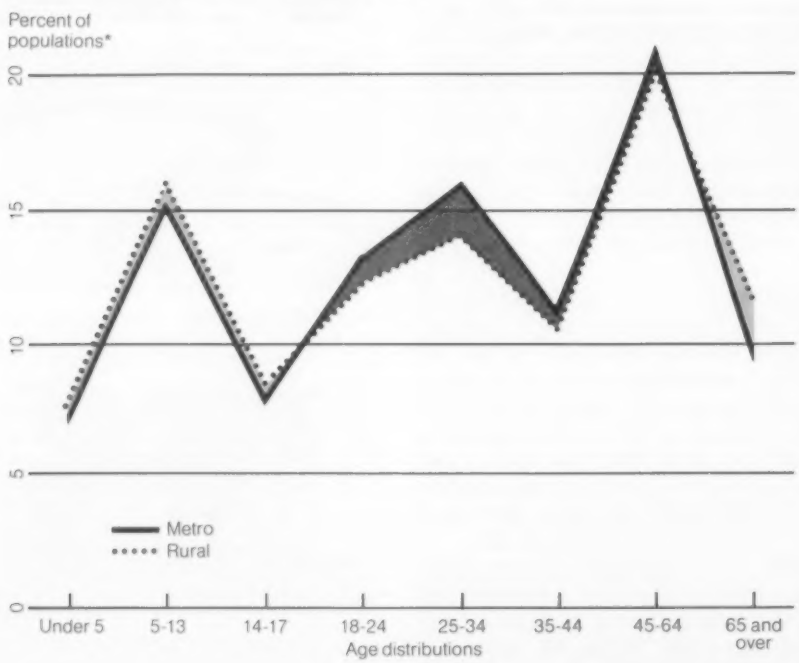
Since rural people generally face more health problems than their metro counterparts, they would seem to need more medical resources relative to population—especially with the greater distances involved in reaching them.

However, a comparison of doctors, nurses and hospitals in rural and metro areas shows that rural areas are far behind.

There were only 71 nonfederal doctors per 100,000 rural people in 1975, compared with 157 in metro areas. There were also fewer specialists, dentists, and registered nurses.

Access to specialized health care is also more limited, based on the type of medical service that people use. Only 35 percent of rural visits to doctors were to a specialist, compared with 65 percent for metro residents. Moreover, the average visit lasted longer in metro areas.

Rural Areas Lead in Age Groups Requiring Most Health Care



*Source: Current Population Reports, Special Studies, P-23, No. 75

Rural areas lack not only doctors, but also medical facilities. More community hospitals per capita are in rural areas, but they are generally smaller, older, less likely to be accredited, and lacking in specialized services. Rural areas also lack adequate mental health facilities.

Complicating these problems, the population has been growing faster in rural areas. In areas with the severest shortage of doctors, the population has grown faster than the supply of doctors.

Money Problems, But Progress, Too

Money is a major problem. Although federal, state, and local governments are spending a great deal on health programs—9 percent of the gross national product and 42 percent of all national health expenditures in 1977—more of these funds are being spent in metro areas.

Federal spending—accounting for two-thirds of all public health expenditures—averaged $130 per person in 1976 in rural areas, compared with $163 for metro areas.

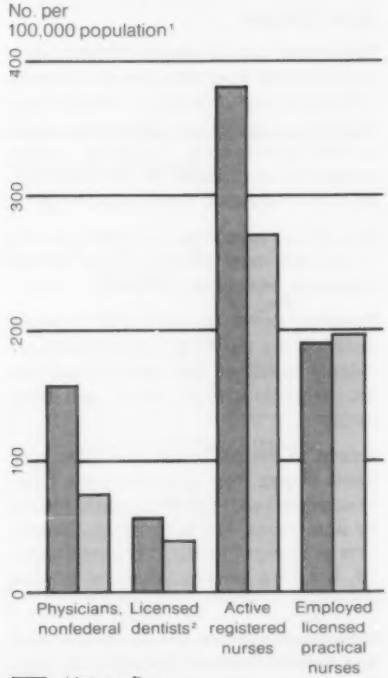
On the bright side, there has been a rural increase in midlevel health practitioners—physician assistants and nurse practitioners—according to economist Ahearn. They can provide primary health care, health education, and preventive health services.

Many rural communities that can't support a full-time doctor can support a practitioner, she says, and evidence shows that these practitioners are more likely than doctors to locate near rural areas. Still, some patients are slow to accept anyone but bona fide doctors. Some physicians also balk at the idea, working to restrict the services of practitioners.

While the U.S. is expected to have an oversupply of doctors in the 1980's, that doesn't mean that rural areas will automatically be better off. Although plenty of doctors will be available to provide the services an area can pay for, many rural communities are not large enough to support a doctor or other health specialist—at least at an income that's competitive with metro areas.

In general, metro practice not only offers doctors better incomes, but also gives them an opportunity to be closer to well-equipped medical facilities and other members of their profession.

More Medical Specialists Outside Rural Areas



[1] Data from 1975 for physicians, 1974 for dentists, 1972 for active registered nurses, and 1974 for employed licensed practical nurses.
[2] Excludes Pennsylvania.

Federal Programs And Self Help

To help provide more medical specialists to rural areas, the Department of Health and Human Services' National Health Service Corps offers incentives to medical colleges to recruit students from rural areas and to students who locate in rural areas when they start their practices. Other federal programs are also designed to serve rural health needs:

- Community Health Centers (CHC) provide health care projects for areas with little or no health services.
- Migrant Health Centers deliver quality health care service to migrants and seasonal farmworkers and their families. The centers are funded by the Department of Health and Human Services.
- National Health Service Corps (NHSC) improves health care to underserved areas and reduces the number of such areas by placing health professionals and supplies where they are needed.
- Community Facility Loans help rural areas, towns of up to 10,000 people, and open country obtain stable economic growth and development. Sponsored by the Farmers Home Administration (FmHA) the loans are for construction and improvement of essential community facilities, including hospitals, clinics, and nursing homes.
- Health Underserved Rural Areas (HURA) provides funds for demonstration of, and research on, primary health or dental services.

Ahearn suggests that rural communities can supplement these federal health programs with their own efforts by:

- Developing specialized emergency medical transportation and communications facilities.
- Building branch clinics associated with more centrally located hospitals and university medical centers.
- Using more part-time physicians and health care practitioners.
- Training more community college students for health service careers.
- Training local people to provide emergency first aid and to work in health education and promotion.

Fatal Farm Accidents Hit Family

Although farmlife hazards still abound, the threat of fatal accidents to farm families has been diminishing.

From a high of 17.7 fatal accidents for every 100,000 people on farms in 1967, the rate dropped to 14.5 per 100,000 by 1976. The total number of fatal accidents reported in that period fell 20 percent.

While more recent information is not available, the trend toward better farm safety is probably continuing, say USDA researchers in a recent study.

The study suggests that the decline in fatal farm accidents may be partly due to "safety factors built into new machinery and efforts by manufacturers to educate farmers about machinery and product use."

Not Only Work Hazards

Behind the cold statistics lies a very personal concern to many farmers. The accident rates reflect not only dangers to adult breadwinners but to all members of the farm family.

Of course, farmlife and farming are so entwined that it's often difficult to distinguish farmwork accidents from home or even traffic accidents.

For example, a Texas study found that more than a third of farm tractor fatalities happened when the machine was not being used for work purposes. Unlike most urban workers, the farmer usually must keep machinery near the home and family where it's a potential hazard.

Other farm safety problems stem from the nature of a rural setting, such as firearms accidents during hunts and drownings at farm ponds.

Such farmlife hazards explain another chilling statistic: The fatal accident rate for farm children under 14 in the 2-year period of 1975-76 was 12.9 per 100,000—greater than the 11.8 rate for the prime breadwinner age group of 35 to 44, though well below the average for all ages.

On the other extreme, as the accompanying table notes, the highest fatality rate by far was among elderly farm residents 65 and over—another indication that farm accidents go beyond work hazards.

Farm Accident Fatality Rates Highest For Elderly

Age group	Fatality rate per 100,000 persons		
	1970-71	1973-74	1975-76
Under 14:	12.6	13.5	12.9
14-19:	15.0	13.7	12.5
20-24:	16.4	14.9	14.0
25-34:	14.6	15.5	14.4
35-44:	12.3	12.3	11.8
45-54:	15.5	13.6	14.3
55-64:	18.5	17.7	17.5
65 and over:	26.7	25.7	28.4
Average rate:	16.1	15.6	15.4

Major Dangers

The overall rate of decline in farm accident fatalities applies to almost all types of farm accidents. In fact, of the 12 major accident categories specified, only crushings—deaths resulting when someone is caught in or between objects—increased from 1970 to 1976.

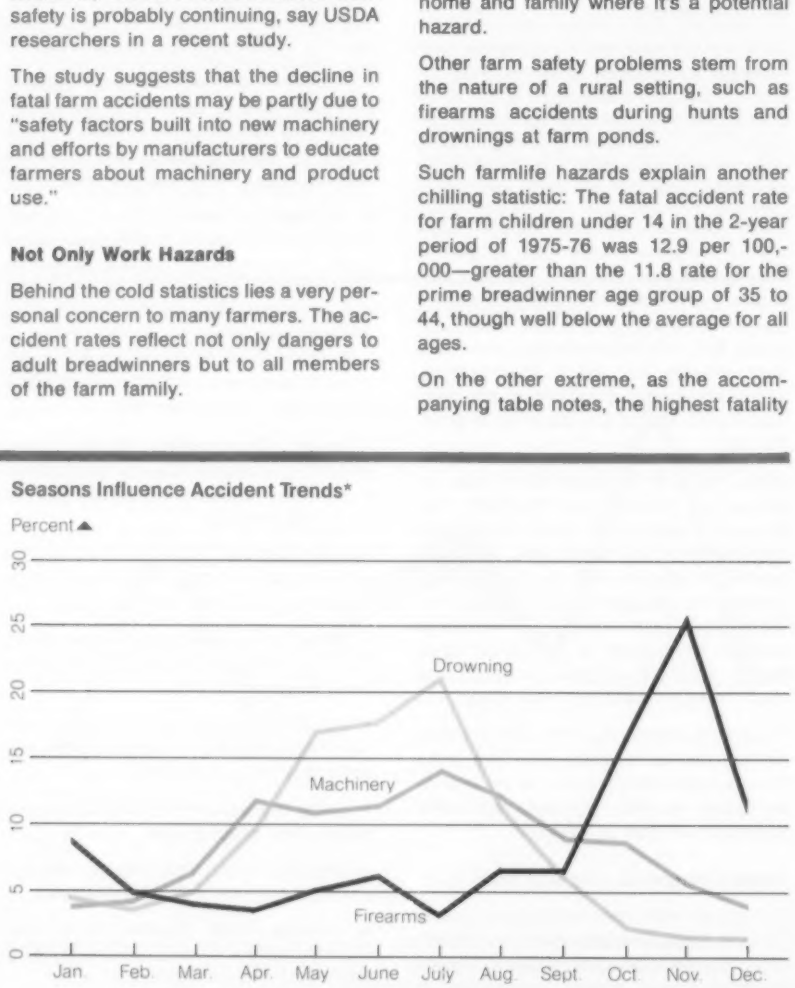
Accidents involving machinery and blows—the most common types of fatal accidents—declined markedly.

Despite these broad and uneven declines, the top three kinds of fatal accidents remained the same throughout the period: machinery, blows, and drownings.

Insight to the nature of fatal farm accidents comes from comparing the types of accidents with the 1976 fatality figures by age group. Not surprisingly, drownings are great threats to children under 10, but rare among adults of 35 and older.

Many accidents are, of course, seasonal, and harvest seasons are high-risk times for work-related deaths due to falls, blows, crushings, and machinery. Drownings abound in warm months, while firearm deaths peak during November—early hunting season.

Seasons Influence Accident Trends*



*1975-76 data.
▲ Each month's percent of annual deaths due to listed causes.

Safety Records By Regions

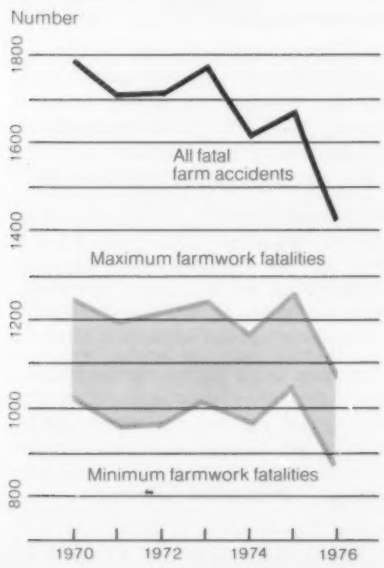
Variations also occur among regions. More than one in every five fatal farm accidents reported from 1970-76 occurred in the Corn Belt. The eight Mountain states, by contrast, accounted for less than 6 percent.

While these variations are largely due to population differences, researchers note that, over time, such comparisons can indicate differences in success in dealing with farm safety problems.

For example, the northeast's farm operator and hired farmworker numbers grew 11 percent in the study period, while total farm accident fatalities fell 26 percent—an indication that progress has been made in this region in reducing accidental farm deaths.

On the other hand, Appalachia saw farm fatalities fall only 6.6 per cent while the total farmworker population declined 13 percent—an indication of farm safety problems.

Fatal Farm Accidents Fall



What About Work-Related Accidents?

When statistics are further sifted to determine fatal farm accidents occurring during actual farmwork, it appears that on-the-job deaths have followed the general downtrend of all such fatalities during the study period.

But researchers hasten to add a big asterisk to their figures on farmwork fatalities. Information is far too foggy to allow firm conclusions. To even try to separate farmwork from farm accident figures, researchers had to resolve complex definition problems: What constitutes a farm? Farmwork? A farmworker?

Since varying criteria tend to muddle statistics, they used two sets of figures: minimum work-related fatalities, and maximum work-related fatalities.

As the accompanying chart shows, considerable variation occurred from year to year, but there's no doubt about the general downtrend using either minimum or maximum work-related fatality statistics.

Danger, Farmer At Work!

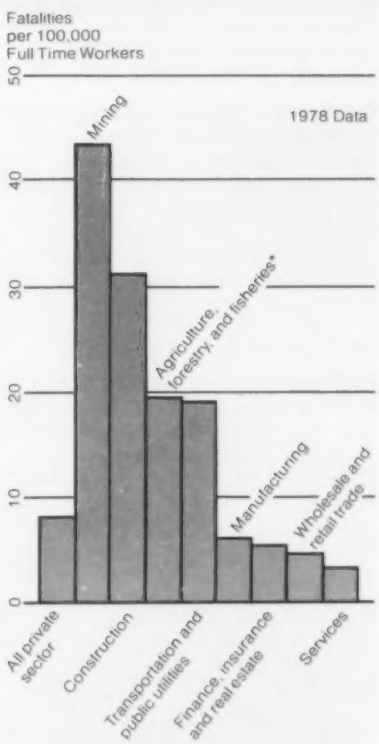
How dangerous is farmwork? By the yardstick of fatal injuries, farming is one of the most hazardous of jobs, as shown in the accompanying chart compiled from 1978 U.S. Labor Department data.

But USDA experts quickly point out that these statistics have some possible holes. One reason: Operations with 10 or fewer farmworkers aren't required to report safety statistics to the Labor Department. Thus, the picture might be different if all the facts were in.

Also, note that agriculture is grouped with forestry and fisheries in the statistics, even though agricultural production dominates this category.

Still, by any measure, the man, woman, or child working around agricultural equipment runs a higher-than-average risk of serious injury.

Farmwork Ranks High in Fatalities



*Excludes establishments with 10 or fewer employees.

Source: U.S. Labor Department

Futures And The Farmer

Ninety-three percent of the farmers in a recent survey said they should know more about futures trading. This is the first in a series of articles designed to respond to that concern.

Futures markets can provide key benefits to farmers even if they never trade a single contract, according to USDA economist Allen Paul.

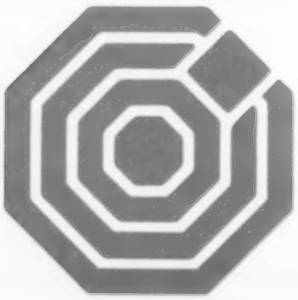
He notes that only a few farmers trade futures, but many use the price information generated by futures markets in making production and marketing decisions. A good many go further, using forward contracts and other marketing opportunities that are made possible by futures markets.

Paul has studied futures markets and their impacts over the years. His latest study is on the economic impact, problems, and prospects for potato futures trading.

While quick to point out the importance of the futures market even for farmers who never trade a contract, he suggests that hedging can be a valuable marketing tool for many farmers. For crop farmers, hedging usually involves selling futures contracts to offset their price risk in owning or producing the actual commodity.

Hedging can help protect against a big loss the farmer can't afford, he says.

Futures contracts can also help farmers obtain loans for operating capital when their security for the loan is anticipated production. Many banks and Production Credit Associations make loans based primarily on the value of that production—protected by a hedge in futures.



No Guarantee Of Profits

Despite the potential value of hedging, Paul warns it's no routine, mechanical process. Economic studies indicate that "automatic" hedging—for example, selling futures equal to half your corn crop at planting time every year—is no better guarantee of profits than automatically selling your corn at harvest every year.

Experienced hedgers do it selectively. Basically, that means if you are a crop farmer you would hedge when the price of your commodity is more likely to go down than up. If you are a livestock feeder, you would hedge when the price of feedstuffs is more likely to go up.

Studies indicate that "automatic" hedging—for example, selling futures equal to half your corn crop at planting time every year—is no better guarantee of profits than automatically selling your corn at harvest every year.

The key is to hedge at the right moment—before the markets move in the wrong direction. It takes intensive study and up-to-the-minute market information to do it successfully.

Two years ago, some of the USDA crop reporting questionnaires asked farmers about their use of futures trading. Less than 7 percent said they had actually traded futures contracts in recent years. And about half of those who did trade were evidently speculating rather than hedging.

A Question Of Trust

Paul lists a number of reasons why only a small proportion of farmers actively hedge in futures markets:

- Many consider their operations too small to need or effectively use a futures market hedge.
- Many want to hang onto their profit opportunities, and a hedge can limit profits from price increases in the same way that it helps protect against losses from price declines.
- Many prefer other kinds of forward contracts or cash marketing arrangements.
- Some dislike the idea of margin calls—when the price in the futures market moves against them, and they have to put up more cash to maintain their margin (usually 5 percent of the current value of their contract). They probably dislike them especially because the margin calls come when they are also losing out on favorable cash market developments.
- Many farmers may fear they don't know enough about the markets to use them effectively, and their marketing needs don't justify the intensive management resources that futures trading would demand.
- Some simply do not trust the futures markets.

What Use Then?

Paul agrees that hedging in futures does take intensive management effort and that futures trading is not for everyone.

What use are the futures markets, then, to most farmers? Indirectly, the futures markets provide several key benefits. Among these, the futures quotation is usually the most sensitive, up-to-the-minute general price indicator available.

Since futures markets reward good information, they attract a constant flow of it from all over the world—on production, consumption, weather, pests, transportation, and everything else that impacts on the balance between supply and demand.

The prices for the closest month traded indicate the current relationship of supply to demand. Prices for the more distant months give the general expectations for storage stocks, storage costs, future production, and expected demand.

Both the nearby and distant futures quotations represent the consensus price expectations of the farmers, merchants, and processors participating in the cash market, along with the speculators who have put their cash and credit on the line to pick up the risks hedgers are seeking to avoid.

From this set of prices, farmers can get a good indication of the overall supply/demand balance for a commodity.

Another important category of information for farmers is the relationships between various sets of prices: between local cash prices and the closest maturing Chicago futures contract (so important that this "basis" will be the subject of another article in this series); between the futures market and various terminal and export markets; and between near-term and distant futures.

Risk Concentration

Futures markets also indirectly serve farmers by making possible most of the forward contracts and deferred pricing options that are available to agricultural producers. More and more farmers have been using these in recent years.

Few of the merchants and processors offering these contracts could afford this concentrated risk without the futures market. Certainly, the contractor has to maintain enough cash reserve to cover a 50-percent drop in the value of the contracted commodities. But one quick phone call to the futures market enables the contractor to lay off whatever part of the risk he cannot afford to carry.

Risk concentration is one major reason why merchants and processors use hedging more extensively than farmers. A farmer with a 500-acre corn operation might have assets worth $1.2 million, and sell about $100,000 worth of production a year. A country elevator worth $1.2 million

Appearances aside, there's order amid chaos as pit brokers shout and signal offers to buy and sell commodities for customers on the floor of the Chicago Board of Trade.

For every transaction, there's direct contact between a buyer and seller, and all details of the trade are carefully recorded.

might easily have title to $1 million worth of grain through purchases and forward contracts.

Ringside Seat To Market Competition

All of this points out the real, but mostly indirect, value to farmers of futures markets. They are open and highly competitive markets where the price-setting process is visible to all. Every segment of the marketing chain is represented, along with knowledgeable speculators who can second-guess the big commercial operators.

In this day of diffused marketing patterns and "thin" cash markets, competitively-determined prices are hard to come by elsewhere. Upshot: futures markets have taken over much of the reference pricing role that the stockyards, auction markets, and cash trading exchanges used to fill. In that sense, futures markets are terminal markets.

Paul agrees that most farmers probably need more information about futures trading—but not necessarily so that they can do it themselves.

Rather, they need it so they can take greater advantage of the market information that futures markets offer. And certainly farmers may benefit from a clearer understanding of how futures markets permit a wider range of farm marketing options.

Hedging To Protect Profits

Futures markets offer the hedger an opportunity that's rare in the economic world: future sale or purchase of goods at a price that can be pretty well locked in.

Hedgers take positions in the futures market that are opposite to their risks in the cash market. Since prices in cash and futures markets for a commodity tend to move together, any losses in one market are generally offset by gains in the other—and vice versa.

For example, say you're an Iowa corn farmer who, last July, was looking at a local cash price of around $2.55 a bushel. Suppose you decided to try to lock in the July price for part of your crop, figuring that such a price would guarantee a good profit and that prices might be much lower by harvesttime.

To do this, you sold a December futures contract for corn at the July 24 price of $3.08 a bushel at Chicago. By early December, when you actually sold your corn to a local elevator, the cash price had dropped 35 cents to $2.20.

However, at the same time, you liquidated your futures position by buying back the contract at $2.74, earning 34 cents a bushel—the difference between the $3.08 per bushel at which you had contracted to sell corn and the 2.74 per bushel it cost to buy back that contract.

Thus, you grossed $2.54 per bushel ($2.20 cash price + $0.34 on futures) for the portion of your crop that you hedged. By hedging, you came within 1 cent of your price objective of $2.55. Your gains in the futures market about offset the decline in cash prices between July and December.

Or say you're a Kansas feedlot operator who wants 200 feeders for your next feeding cycle in 2 months. If the futures market offers an attractive price now, you may be able to lock it in by buying a futures contract for feeder cattle. If you choose, you can also fix the price of your feed ingredients, buying corn and soybean futures.

With hedging, the producer is still exposed to basis risk—the risk that local cash prices and futures prices will not track together for a time. But a producer can generally eliminate about 90 percent of the price uncertainty.

The Commodity Futures Trading Commission defines hedging as a futures market position which is temporary substitute for a transaction planned later in the cash market.

The Iowa corn farmer was planning to sell his corn in the cash market, but sold a portion of his crop in futures in the meantime. Later, he bought back the futures contract when he actually sold his corn on the cash market. Likewise, the Kansas livestock feeder is going to buy feeder steers when the feedlot is empty, but through futures he can price them now.

FEATURE

Trout Co-op Hooks Homemakers

A new Southern cooperative is trying to put rainbow trout on America's home menu.

The Smoky Mountain Trout Growers Cooperative of Brevard, N.C., began processing and selling trout produced by its 30 members to major East Coast food outlets in January 1980.

There was a good reception from major buyers in Washington, D.C., Baltimore, and New York City, according to co-op officials who reported that, in the first 3 weeks, the co-op sold an average of 2,000 pounds a week.

Members—all located near the adjacent corners of North Carolina, South Carolina, Tennessee, and Georgia—had decided to form the co-op after the rising popularity of trout farming in the area began to saturate local markets, according to Charlie Zeigler, a co-op member.

In eyeing large supermarket chains and other potential new markets, the trout farmers—who were members of the Southern Appalachian Trout Growers Association (SATGA)—reasoned that no individual producer could adequately develop and service these outlets.

USDA Study Conducted

So in January 1978 SATGA asked USDA's cooperative development unit, a division of the Economics, Statistics, and Cooperatives Service, to conduct a feasibility study. The study found that the co-op had a strong potential for success.

For example, 25 established trout markets in North Carolina, South Carolina, and the Washington, D.C., area were surveyed. These outlets indicated a willingness to buy from the co-op, assuming that a dependable supply of quality fish was assured.

Assuring a constant supply is, in fact, a crucial function of the co-op. Since the trout harvest varies by thousands of pounds from month to month, no individual grower can provide the steady supply that major food outlets, such as supermarket chains, require. But total co-op production, even in low-harvest months, enables them to guarantee an ample supply each month.

Getting Started

To launch the cooperative, members put up more than $100,000—a substantial part of the total capital requirements recommended by the study—and secured a loan to finance the remainder. This investment exceeded by 30 percent the study team's recommended members' share of the start-up costs.

Building a processing plant to serve co-op members is included in the expenses of getting started. The cooperative has bought 4 acres of land for the plant which should be open this summer. Meanwhile, the co-op is using two members' plants.

Co-op Services

Like other cooperatives, the trout co-op may also provide a range of services and potential savings for members in labor, management, and feed costs, according to USDA. Similarly, members can expect income from their shares of the co-op's net margins after adequate reserves are accumulated.

Obtaining trout feed at a reasonable cost is a problem which members hope to solve through cooperative bulk purchases. Supplies have been erratic and expensive, according to the USDA survey. The collective feed requirement of members is substantial. In 1977, more than 1 million pounds of feed were used to produce 708,400 pounds of fish.

While the initial buyer response to the trout has encouraged members, the co-op is prepared to struggle until new markets are firmly established.

"Our crankup has to be rough," co-op member Zeigler said, explaining that new buyers hundreds of miles away may experiment with small orders until the demand is established. Costs of filling these small but crucial orders may leave little or no profit until the volume expands.

But Zeigler allows a note of optimism: "If we can crack that nut, we'll be on solid footing in a couple of years."

Selling Trout

The American homemaker plays a crucial role in co-op aspirations. "Housewives don't go out with any idea of buying trout," Zeigler said. He and other trout growers hope that shoppers will turn to trout more and more as a routine menu item, rather than as a specialty food.

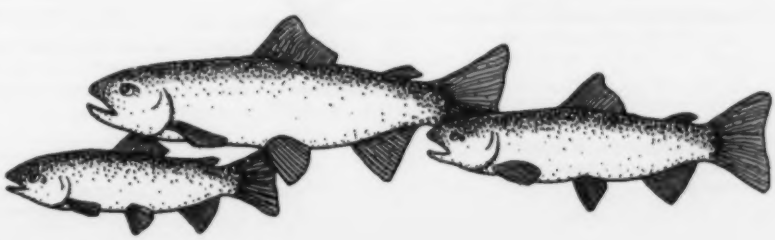
The fast start for the new co-op comes as no surprise to USDA's cooperative development specialists who prepared the feasibility study.

David Cochran, president of the co-op's board of directors, reported signs that trout is catching on.

"It (demand) seems to be on the increase," he declared, explaining that rising meat prices—and higher prices for saltwater fish—are making freshwater trout more and more competitive.

"We're quite pleased so far," Cochran said, noting that the co-op has already made some inroads into supermarkets. The Talking Rock, Ga., producer noted that some Atlanta supermarkets were beginning to carry trout. Southern supermarkets, he said, have rarely stocked trout in the past.

As one co-op member declared hopefully, "Fish is the coming thing."



Agricultural Roundup

Better Cattle Prices Ahead, But No Pork Profits

Livestock and poultry producers were caught in a severe cost-price squeeze during the first half of 1980.

Marketings were up from last year, and larger overall meat production plus slack demand resulted in a sharp downturn in prices. Cash receipts dropped, and rising interest rates and energy costs closed the door on profits.

For the rest of the year, the rate of increase in red meat and poultry production will gradually slow, with production dropping below year-earlier levels by the fourth quarter. This could shore up farmers' prices.

During the first half, continued marketings of heavy-weight cattle held the decline in beef production within 2 percent of the year-earlier level. That was not enough to boost prices because of large marketings of competing meats and weak consumer demand. Cash receipts—which were reduced in the first quarter—shrank even further in the second quarter.

At the same time, near-record hog marketings drove down hog prices, keeping cash receipts far below year-earlier levels. Larger marketings of eggs, broilers, and turkeys also held down farm prices, resulting in lower cash receipts than last year.

The nearest thing to a smile in the first half was on the faces of dairy farmers. While milk production rose, the farm price of milk remained steady, thus boosting cash receipts for milk producers. However, with milk production costs up from last year, dairy farmers' net income was about the same as last year.

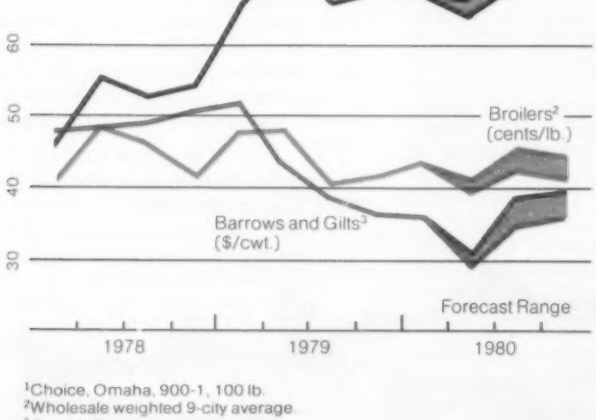
What is going to happen in coming months? Well, for one thing, last year's expansion of commercial pork production will probably level off by year's end.

Hog prices—which stood about 30 percent lower than last year in the first half—could finally show a year-to-year gain by the fourth quarter of 1980. However, prices will still be below production costs for most producers.

Broiler and cattle prices should begin picking up in the third and fourth quarters. With production of beef and poultry near or slightly below last year's levels, the higher prices will raise cash receipts for these producers in the second half.

Cash receipts for dairy products will be even higher in the second half, helping to prop up the 1980 total for the livestock sector.

Steer and Hog Prices To Improve by Yearend



[1]Choice, Omaha, 900-1, 100 lb.
[2]Wholesale weighted 9-city average.
[3]7 markets.

Crop Prospects: World Perspective

Prospects for U.S. and world crops in the second half of 1980 are beginning to take shape, although exact figures on output are still far from certain.

World crops will probably be somewhat larger than last year, unless adverse weather cuts yields and output. World wheat production is estimated to rise about 5 percent, while coarse grain output could reach a record high.

A larger world crop of rice is also anticipated, whereas oilseed production is likely to decline slightly because current supplies are large and prices are down.

Although the area planted to cotton is on the upswing throughout the world, global cotton output may not rise accordingly. The size of world cotton crops will be determined mainly by weather and yields, which won't become clear until later in the season.

As for U.S. crops, much depends on what happens to yields. If weather is as favorable as last year and acreage abandonment is again low, the expanded feed grain acreage farmers were planning in April would push production of corn, sorghum, and barley above last year's level.

However, it's more likely that feed grain yields will fall, resulting in a smaller 1980 crop. This would drive up corn prices, especially if exports keep up the present record pace. But the picture could change drastically if a large rise in world feed grain production tempers export demand.

Wheat

The U.S. winter wheat crop, now being harvested, may total a record 1.76 billion bushels—about 9 percent larger than last year. With spring wheat acreage up 15 percent, total U.S. wheat production for 1980 could very easily be the largest ever.

Although domestic use and exports of wheat will likely continue strong next season, the increased production—coupled with the anticipated rise in world output—will probably lead to a buildup in wheat stocks, unless weather conditions are poor in major producing countries.

The farm price of wheat is expected to average $3.70 to $3.80 a bushel this season, up from $2.98 in 1978/79. It could average near this year's level in the upcoming season, even with a stock buildup. Any price decline would be checked by use of the farmer-owned reserve.

Rice

With 1980 rice acreage expected to jump 7 percent from last season, U.S. rice production could easily hit a record this year. Depending on what happens to world rice crops, U.S. rice exports could range from 6 percent below to more than 12 percent above this year's record pace.

If U.S. rice stocks rise next season, prices could lose the strength they have shown this

season. Rice prices are now estimated to average $10.25 to $10.75 per cwt. in the current crop year, up sharply from $8.16 last year. However, they're not expected to fall below an average of $9 a cwt. next season, even assuming that world rice production expands.

Soybeans

Despite expectations for a smaller U.S. soybean crop, the huge increase in carryover stocks this summer will push total supplies to a record level, putting early-season pressure on prices. The same prospects apply to world oilseed supplies.

U.S. soybean exports will likely remain strong, especially since Brazil has decided to concentrate on domestic needs before emphasizing exports. Domestic use of soybeans may match this season's level. Not much improvement in soybean prices is foreseen, however, in light of expectations of abundant supplies.

Cotton

The size of the 1980 cotton crop is difficult to anticipate, mainly because cotton yields are so unpredictable. Last year, they reached a record 548 pounds per acre. If they run closer to the trend level of around 480 pounds, the crop will be much smaller than last year despite increased plantings.

With export demand for U.S. cotton now greater than at any time since the 1930's—reflecting unusually strong Chinese purchases as well as increased movement to our traditional markets—cotton stocks are anticipated to drop to 3.2 million bales by August. Exports are estimated to total 9 million bales this season, topping domestic use for the first time in four decades.

However, a slowdown in world economic growth and larger crops abroad will probably cause domestic and export demand for U.S. cotton to decline from this season's level.

Farmland Values Up Again

Rising farmland values don't pay the bills, but they have kept the net worth of most farm owners a step ahead of inflation.

The average value of farm real estate reached $640 an acre on Feb. 1, 1980, up from $559 a year earlier and more than triple the $196 value at the start of the 1970's.

Though that beats the rate of inflation, it doesn't help beginning farmers or those who don't own the land they farm.

Farmland values increased each year during the 1970's, with gains ranging from a low of 4 percent in 1970-71 to a high of 25 percent in 1973-74. The 14-percent gain for the latest 12 months matched the rate of the previous year.

This time, Louisiana recorded the biggest gain in average value per farmland acre—29 percent. Maryland followed at 25 percent, and five other states had increases of 20 percent or more. Only Oregon showed a decline.

Since 1975, farm real estate values more than doubled in 12 states: Ohio, Indiana, Illinois, Iowa, and Missouri in the Corn Belt; South Dakota in the Northern Plains; Colorado in the west; Wisconsin and Minnesota in the Great Lakes area; Kentucky in the Appalachian region; and Delaware and Maryland in the northeast.

Fifteen states now have farmland averaging more than $1,000 an acre, and eight of these are outside the typically high-priced northeast. Farmland in five states, all in the northeast, costs more than $2,000 an acre on average.

Five years ago, only four states were in the $1,000-and-over category and in no state had farmland reached an average of $2,000 an acre.

Where will land values go from here? Most farm real estate experts say farmland values will continue to rise, although they expect that this year's sag in net farm incomes and high interest rates will temporarily slow the rapid increases seen in recent years.

They suggest that last year's higher farm incomes and general optimism about farm prospects offset the concern about rising interest rates, but that won't happen this year. According to USDA economist Dean Hughes, farmland values may rise only 5 to 10 percent by next February.

Farmland Values: Where The Action Is—And Isn't[1]

Top Five		Bottom Five	
Changes in farmland values:			
Louisiana:	up 29% to $984	Oregon:	down 3% to $320
Maryland:	up 25% to $2,249	Washington:	up 5% to $615
Alabama:	up 24% to $639	New York:	up 6% to $681
Missouri:	up 21% to $816	Wyoming:	up 7% to $127
Mississippi:	up 21% to $629	(Ten-way tie at 8%)	
Farmland values per acre:			
New Jersey:	$2,400, up 8%	New Mexico:	$112, up 12%
Connecticut:	$2,331, up 8%	Nevada:	$116, up 12%
Rhode Island:	$2,304, up 8%	Wyoming:	$127, up 7%
Maryland:	$2,249, up 25%	Arizona:	$150, up 12%
Delaware:	$2,018, up 17%	Montana:	$218, up 17%

[1] Percentage changes are in average values per farmland acre of land and buildings from Feb. 1, 1979, to Feb. 1, 1980. Values shown are average values per acre on Feb. 1, 1980.

Nothing Beats a Thick, Juicy . . . Drumstick?

Changes in consumption trends may be hardly discernible from one year to the next, but they begin showing up clearly over a decade. And they dispel notions that collectively we're slaves either of habit or to traditional food suppliers. Just consider the big changes occurring in the meats we eat.

For example, between 1968 and 1978 red meat consumption per person rose barely 1.3 percent. Beef eating went up 9 percent but pork, veal, lamb and mutton lost ground. Meanwhile, our appetites soared for chicken and fish. Poultry eating rose 28 percent, and fish rose over 17 percent. In the preceding decade, pork eating had risen nearly a tenth, fish eating very little.

Why the changes? For one thing, relative prices among meats have changed. Chicken costs half as much per pound as pork and beef, whose prices have risen much more.

Health concerns may play a role, too, since chicken and fish generally have less cholesterol and saturated fat.

Also, look at what's happened to restaurants and fast-food outlets. From 1972 to 1978, those selling mainly chicken rose 56 percent in number; seafood outlets multiplied by six, and now account for 60 percent of total fish eating.

FEATURE

New Cattle Cycle: Can Producers Take Charge?

The long, sharp beef herd downturn ended last year, and with it the latest cattle cycle. But it's far from certain when the next expansion phase will begin.

That may matter little right now to many producers still trying to regain sound financial footing after the cattle cycle's dizzy, roller-coaster ride of the last few years.

However, the pause between liquidation and expansion may be an ideal time to consider how producers can control herd expansion—once it gets underway—and prevent another major downturn like that just ended. The first step toward an answer is trying to figure how much and how fast the cow herd can grow without overexpanding in relation to consumer demand.

With disposable incomes rising in recent years, consumers have been spending more for meat. However, the percentage of income spent on meat has remained fairly stable, averaging 4 to 5 percent. Consumers pick and choose among red meats and poultry according to the price of each, which in the short run depends on the relative supplies of these meats.

Of course, beef supplies aren't determined solely by cattle numbers. Other factors include the proportion of fed cattle, the weight of finished cattle, and the mix of steer and heifer slaughter.

In the long run, however, beef supplies rise and fall with changes in the size of the cow herd—both beef and dairy cows. And cow numbers, in turn, increase or decrease with changes in cattle prices.

Price Key In Cow-People Ratio

The complex, never-ending circle of change in demand, supply, and prices can be largely boiled down to one simple and useful ratio: the number of cows per 100 people.

This ratio, indicating the supply-demand balance, has averaged 24.5 cows per 100 people since 1959. (Cow numbers were higher in the early 1950's because of large dairy herds.) A value above 24.5 would tend to indicate an oversupply relative to demand; a lower value, an undersupply.

Multiplying this average ratio by the population gives some idea of the herd size needed for that population level. Historically, during periods when the cow-people ratio was near 24.5, meat and cattle prices were acceptable to consumers and producers alike.

In 1975, the number of cows per 100 people rose to 27—a 20-year high—and the price of feeder cattle in constant (1967) dollars fell to its lowest level in the 30-year period illustrated in the accompanying cow-people ratio chart. The cow herd was then liquidated, and the number of cows per 100 people shrank to 22 by the start of 1980. In response, feeder prices—in constant, non-inflated dollars—rose toward the level of the early 1970's.

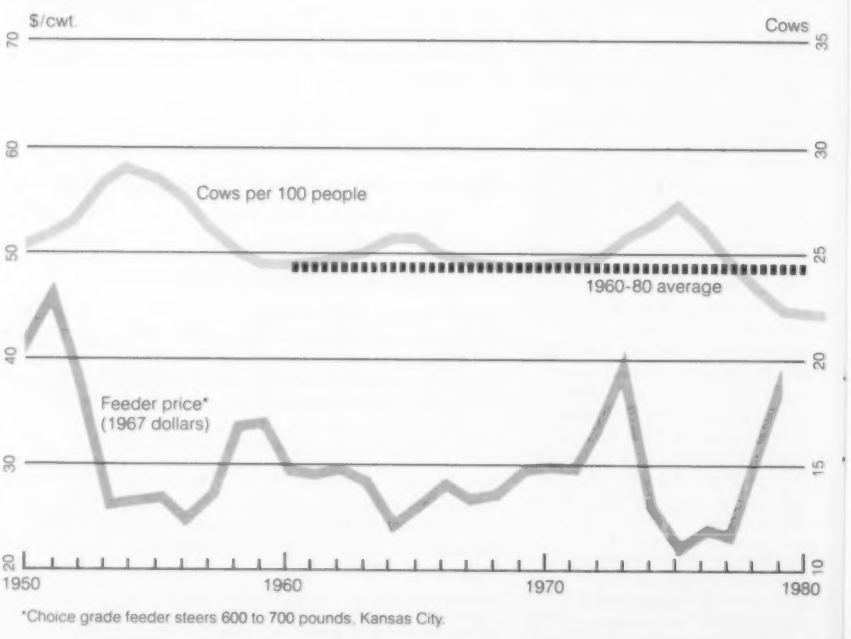
Based on past herd rebuilding rates and the projected demand for beef, cow numbers could rise to 56 or 57 million by the mid-1980's before reaching the point of overexpansion.

Figuring Ahead

The U.S. population is now about 220 million and is forecast to rise to 241 million by 1990. Now, assuming that the measuring stick of 24.5 cows per 100 people is a reliable indicator of the supply/demand balance in the 1980's, the cow herd could grow from its present 48 million head to just under 60 million by 1990 without overexpansion.

In fact, the cow herd could have been as high as 54 million head at the start of this

How Prices Reflect Changes in Cow-People Ratio



*Choice grade feeder steers 600 to 700 pounds, Kansas City.

year (instead of the actual 48 million) without surpassing the stable cow-people ratio of 24.5. Based on past herd rebuilding rates and the projected demand for beef, cow numbers could rise to 56 or 57 million by the mid-1980's before reaching the point of overexpansion. Of this total, 10 million would probably be dairy cows (based on projected milk demand).

In the last three cattle cycles, overexpansion began in 1953, 1964, and 1973. Right now, USDA livestock analysts don't expect an overexpansion of the cow herd before 1985.

However, by that time it could be too late for producers to prevent excess growth of the cattle herd. In past cycles, cow numbers continued to increase another year or so beyond that point due to the large number of heifers already being held. The subsequent slaughter of younger cattle and excess breeding stock caused beef production to mushroom, resulting in lower prices and losses to cattle producers.

Avoiding Overexpansion

The key here is to recognize the potential for oversupply well before it is imminent.

Let's suppose cattle producers were to begin culling more cows and holding fewer heifers for herd replacement 1 to 2 years before an expected trigger point. That could slow growth in the cattle herd to match consumer demand for the rest of the decade.

In other words, by no later than 1983, it would be wise to start closely monitoring herd size and the rate at which replacement heifers are entering the herd. Of course, unforeseen shifts in consumer demand and productivity per cow could alter the timetable.

What About Now?

For now, if you are considering herd expansion, you face many of the same difficult questions as last summer. For example: Should you sell your replacement heifers now, ensuring a good and immediate return? Or do you want to retain them for your beef cow herd?

Obviously, selling now will produce a quick return. Last year, feeder heifers averaged about $85 a cwt., so a 500-lb. heifer sold for $425 as a feedlot placement. Feeder prices will be lower in 1980.

If you keep your heifers as herd replacements, you will of course forego the immediate return of selling them. On the other hand, a heifer retained will probably produce 6 or 7 calves—her own replacement and 5 or 6 calves for sale, plus her value as a cull cow. At current prices, this program would produce annual average receipts of $400 to $450 per brood cow.

Naturally, not all cattle producers are in the same financial situation right now. Many have had a couple of years to re-establish their financial base. Grazing conditions have been mostly favorable, and there's excess grazing capacity in many areas.

On many crop-livestock farms, however, producers quit the cattle business several years ago in favor of cash grain production, with at least part of the pasture coverted to crops. Those who got out then are unlikely to get back in now.

Such farmers face higher interest costs as well as sharply higher prices of replacement cows—$600 to $800 per head compared with the $200 to $250 they got for their cows a few years ago.

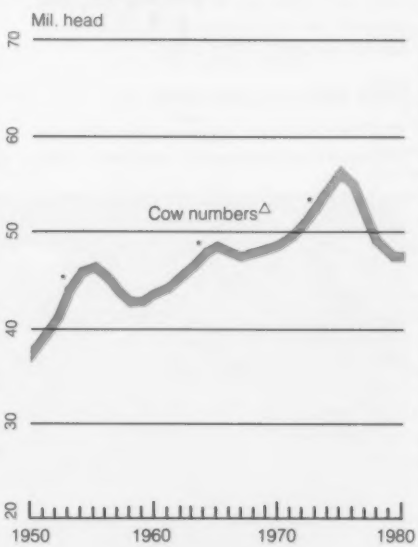
A unit of one bull and 20 cows, excluding replacement heifers, could easily cost $15,000 to $20,000 today. At an annual rate of 15 percent, the interest cost on such a purchase would total around $2,500—equal to the value of 4 or 5 calves.

Cattle operators still in business, however, can expand without having to raise a lot of outside capital. Most have owned their land for several years. Even if they have not yet paid off their loans, the interest rates and the price they paid for their land are both well below today's high prices.

While most cash costs will continue rising, feeder cattle prices are expected to remain high enough to cover these costs and still provide a return for family labor and management. Once a producer has restored a sound financial base, herd expansion should bring favorable returns for several years.

Indications of any progress in the expansion phase of the new cattle cycle will be available when the Crop Reporting Board publishes the midyear inventory figures in its July 28 *Cattle* report. More heifers apparently entered the cow herd this spring, so the inventory is expected to show a slight gain from a year ago.

Overexpansion Points in Previous Cattle Cycles



△January 1 inventory of beef and dairy cows.
*When overexpansion began.

How Crop Yields Are Forecast

With spring plantings just about complete and the growing season already underway, the key to this fall's harvests switches from how much acreage was planted to how much each acre will yield.

USDA's Crop Reporting Board issues its first forecasts of yield and production of corn for grain and spring wheat on July 11, about the time this magazine should reach mailboxes. The first soybean and cotton forecasts are due on August 11.

As crops develop, forecasts are updated monthly to reflect the effects of weather, pests, disease, moisture supplies, and other variables such as farmers' use of fertilizer and pesticides.

The forecasts give farmers a wider perspective than the progress of their own and their neighbors' crops and provide an objective benchmark against which to judge each season's rumors and speculation.

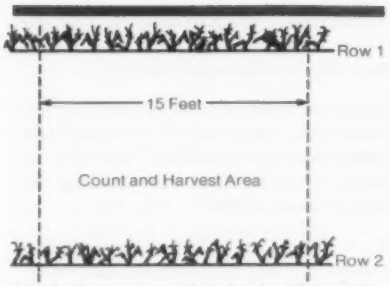
Farmers in a position to consider a variety of marketing options—and livestock and poultry feeders who plan their feed purchases ahead—also use the forecasts for clues to the best times to sell or buy.

Surveys And Sample Plots

Because the forecasts are so important to producers and others in agriculture, they're given high priority by USDA. Much of the information comes from a continuing series of mail surveys which ask farmers how yield prospects are shaping up on their farms and in their localities.

To back up these surveys, trained observers check on growing crops to make a scientific assessment. With corn, for example, field workers from the Crop Reporting Board's offices in the 17 major corn-producing states make monthly visits during the growing season to 2,870 typical fields.

With the farmer's permission, they lay out sample plots two rows wide and 15 feet long. The plots may turn up anywhere in a field—good spots or bad spots—but, overall, they balance out to provide representative information.



Here's how a sample plot is laid out for measuring probable corn yield.

Similar methods are used to gather information on soybeans, cotton, and wheat. For soybeans, 1,915 sample plots two rows wide and 3 feet 6 inches long are set up in 17 states.

The 1,780 cotton samples in six states are double-row sections 10 feet long. The 630 units for spring wheat measure three drill rows by 21.6 inches long and are laid out in five states which account for 95 percent of the crop.

From Field To Laboratory

The field workers measure the distance between rows and count the plants in the plots to indicate total plants per acre. Then they count and examine the plant in all stages of development as a guide to yield.

Plant population and yield per plant together point to yield per acre, which is multiplied by acres for harvest to indicate total production.

When the crop is mature, field workers hand-harvest the sample plots for laboratory analysis of moisture and weight. Following the farmer's harvest, a final visit to the fields provides an estimate of harvesting losses to guide the Crop Reporting Board in determining net yield per acre.

Together with historical trends and the results of producer surveys, the information from these counts and measurements provides timely and objective production forecasts throughout the season.

These forecasts are widely reported by farm writers and broadcasters. Farmers who want to receive crop forecast reports directly, or who need more details on both national and local crop conditions, can contact the crop reporting service field offices serving their state. The addresses and telephone numbers of these field offices are listed on the next page.

Mature crop samples are weighed and tested for moisture in nearby laboratories.

CROP REPORTING BOARD NEWS

Where To Get Farm Facts

National, state, and county agricultural facts and figures are available through the 44 field offices of USDA's Economics, Statistics, and Cooperatives Service, Statistics Unit.

Each office issues the latest U.S. crop, livestock, price, and other estimates, plus additional data on local and regional farming conditions.

Here's how to contact the statistician in charge of your state office for current production and supply indications, historical material, or a list of regular reports.

Alabama
D. S. Findley
P.O. Box 1071
Montgomery, AL 36102
(205) 832-7263

Alaska
D. A. Brown
P.O. Box 799
Palmer, AK 99645
(907) 745-4271

Arizona
H. M. Mayes
3001 Federal Building
Phoenix, AZ 85025
(602) 261-3264

Arkansas
D. H. Von Steen
P.O. Box 1417
Little Rock, AR 72203
(501) 378-5145

California
R. A. McGregor
P.O. Box 1258
Sacramento, CA 95806
(916) 445-6076

Colorado
L. D. Jewell
P.O. Box 17066
Denver, CO 80217
(303) 837-3037

Florida
R. P. Small
1222 Woodward Street
Orlando, FL 32803
(305) 420-6013

Georgia
F. T. Galloway
Stephens Federal Bldg.
Suite 320
Athens, GA 30613
(404) 546-2236

Hawaii
L. P. Garrett
P.O. Box 22159
Honolulu, HI 96822
(808) 546-5527

Idaho
R. C. Max
P.O. Box 1699
Boise, ID 83701
(208) 384-1507

Illinois
J. R. Kendall
P.O. Box 429
Springfield, IL 62705
(217) 782-4898

Indiana
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Agricultural Administration Bldg.,
Purdue University
West Lafayette, IN 47907
(317) 749-2429

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210 Walnut Street
833 Federal Bldg.
Des Moines, IA 50309
(515) 284-4340

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M. E. Johnson
444 S.E. Quincy Street
Room 290
Topeka, KS 66683
(913) 295-2600

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P.O. Box 1120
Louisville, KY 40201
(502) 582-5293

Louisiana
B. A. Nelson
P.O. Box 5524
Alexandria, LA 71301
(318) 473-7971

Maryland/Delaware
M. B. West
P.O. Box AG
College Park, MD 20740
(301) 344-2795

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P.O. Box 20008
Lansing, MI 48901
(517) 377-1831

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C. G. Rock
90 W. Plato Boulevard
St. Paul, MN 55107
(612) 296-2230

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P.O. Box 980
Jackson, MS 39205
(601) 969-4575

Missouri
D. M. Bay
P.O. Box L
Columbia, MO 65201
(314) 442-2271 or 3135

Montana
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P.O. Box 4369
Helena, MT 59601
(406) 449-5303

Nebraska
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P.O. Box 81069
Lincoln, NE 68501
(402) 471-5541

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P.O Box 8888
Reno, NV 89507
(702) 784-5584

New England
C. W. Hammond
P.O. Box 1444
Concord, NH 03301
(603) 224-9639

New Jersey
J. C. Buche
Health and Agriculture,
John Fitch Plaza,
Room 204
Trenton, NJ 08625
(609) 292-6385

New Mexico
E. J. Berger
P.O. Box 1809
Las Cruces, NM 88001
(505) 524-3648

New York
G. W. Suter
Dept. of Agriculture
and Markets
State Campus, Bldg. 8
Room 800
Albany, NY 12235
(518) 457-5570

North Carolina
D. C. Tucker
P.O. Box 27767
Raleigh, NC 27611
(919) 755-4394

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R. F. Carver
P.O. Box 3166
Fargo, ND 58102
(701) 237-5771 or 5306

Ohio
H. L. Carter
New Federal Bldg.
Room 608,
200 N. High Street
Columbus, OH 43215
(614) 469-5590

Oklahoma
J. E. Cochrane
P.O. Box 1095
Oklahoma City, OK 73101
(405) 231-4353

Oregon
P. M. Williamson
1735 Federal Bldg.,
1220 S.W. Third Ave.
Portland, OR 97204
(503) 221-2131

Pennsylvania
W. C. Evans
2301 N. Cameron St.,
Room G-19
Harrisburg, PA 17120
(717) 787-3904

South Carolina
R. M Foster
P.O. Box 1911
Columbia, SC 29202
(803) 765-5333

South Dakota
J. C. Ranek
P.O. Box V
Sioux Falls, SD 57117
(605) 336-2980, Ext. 235

Tennessee
R. Hobson
P.O. Box 1250
Nashville, TN 37202
(615) 251-5136

Texas
D. E. Murfield
P.O. Box 70
Austin, TX 78767
(512) 397-5581

Utah
W. N. Sherman
P.O. Box 11486
Salt Lake City, UT 84147
(801) 524-5003

Virginia
C. A. Dunkerley
P.O. Box 1659
Richmond, VA 23213
(804) 786-3500

Washington
J. M. Kitterman
3039 Federal Office Bldg.
909 First Avenue
Seattle, WA 98174
(206) 442-7755

West Virginia
G. M. Ferrell
State Dept. of Agriculture
Charleston, WV 25305
(304) 348-2217

Wisconsin
C. D. Spencer
P.O. Box 9160
Madison, WI 53715
(608) 252-5317

Wyoming
L. O. Larson
P.O. Box 1148
Cheyenne, WY 82001
(307) 778-2220, Ext. 2181

Farmline Trends

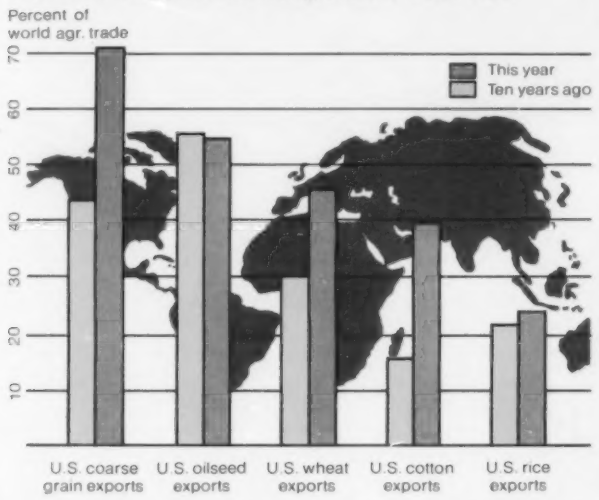
	1977 Annual	1978 Annual	1979 Quarters I	1979 Quarters II	1979 Quarters III	1979 Quarters IV	1979 Annual	1980 Quarters I	1980 Quarters II	1980 Quarters III
										Forecast
					1967=100					
Farm Prices and Production:										
Prices received by farmers	183	210	240	245	241	237	241	236	236	242
Livestock and products	175	217	263	265	248	252	257	251	247	257
Crops	192	203	213	222	233	222	223	220	223	226
Prices paid by farmers, all items	202	219	239	248	253	258	250	271	278	283
Production items[1]	208	226	251	260	263	267	260	283	290	294
Farm production	121	121	—	—	—	—	129	—	—	—
Livestock and products	106	106	—	—	—	—	107	—	—	—
Crops	130	131	—	—	—	—	144	—	—	—
					1967=100					
Retail Prices:										
Food	192	211	228	234	237	240	235	245	251	258
At home	190	210	227	233	235	237	233	242	248	255
Away from home	200	218	233	241	246	251	243	258	264	270
Farm Food Market Basket:										
Retail cost	179	199	217	224	224	225	223	230	235	242
Farm value	178	208	238	236	227	228	232	228	228	238
Spread	180	194	205	216	223	224	217	231	240	245
Farmer's share (percent)	38	39	41	40	38	38	39	38	37	37
Per Capita Food Use:										
All products	105	105	—	—	—	—	104	—	—	—
Animal products[2]	103	102	100	100	101	105	101	101	100	101
Crop products	106	107	—	—	—	—	106	—	—	—
					billion dollars					
Farm Income:[3]										
Cash receipts	95.7	111.0	129.2	129.1	127.2	130.4	128.9	131.4	130.0	—
Livestock	47.4	59.0	69.8	67.8	65.2	66.2	67.2	67.4	64.4	—
Crops	48.2	52.1	59.4	61.3	62.0	64.2	61.7	63.9	65.6	—
Total gross farm income[4]	108.5	126.0	145.2	146.2	145.0	150.6	146.7	149.5	147.2	—
Production expenses	88.8	98.1	109.2	112.2	115.2	118.2	113.7	122.1	126.4	—
Net farm income	19.8	27.9	36.0	34.0	29.8	32.4	33.0	27.4	20.8	—
Trade:										
Agricultural exports	24.0	27.3	8.2	7.7	7.9	8.2	32.0	11.0	10.3	10.0
Agricultural imports	13.4	13.9	3.9	4.1	4.4	3.8	16.2	4.4	4.6	4.7

[1] Including interest, wage rates, and taxes. [2] Quarterly data exclude fish products. [3] Quarterly data are seasonally adjusted at annual rates. [4] Includes net change in farm inventories. [5] Based on October-September fiscal years ending with the indicated year; for example, II 1980 refers to Jan.-March 1980 (the second quarter of fiscal 1980).

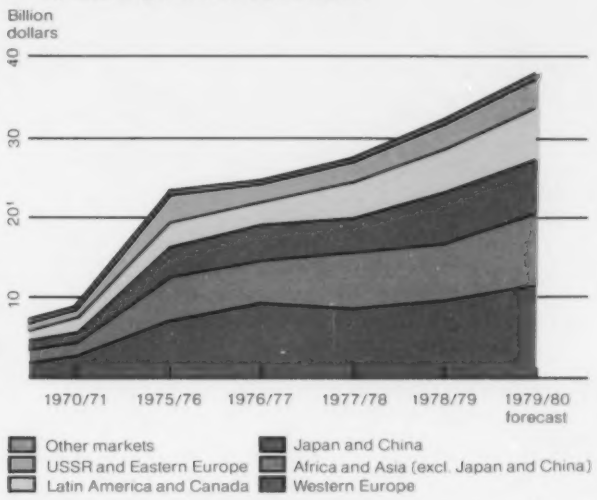
Export Markets Are Booming

Growing populations, improving diets, and shortfalls in foreign production have made the world increasingly dependent on the U.S. farmer. U.S. agricultural exports reached $32 billion last fiscal year, quadruple the 1970/71 value. This year, higher prices for most products and record volume will boost sales to a new high of around $38 billion, despite the suspension in sales to the Soviets. Value is up to all major regions, while grain and oilseed products continue to account for about nine-tenths of total volume. The agricultural trade surplus—another record—is expected to cut more than $19 billion from the overall U.S. trade deficit.

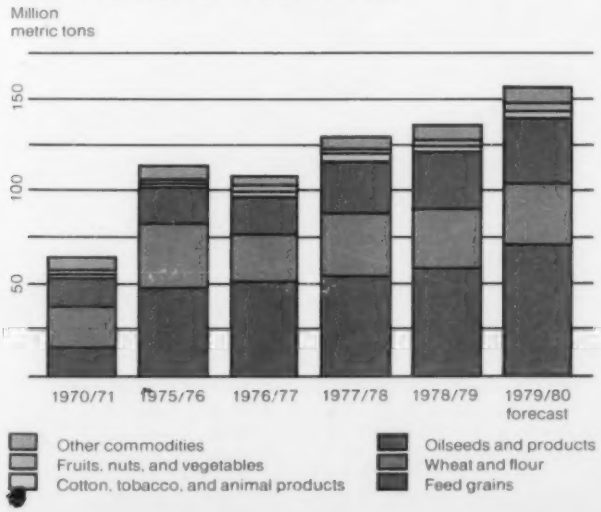
U.S. Farmers Capture Increasing Share of World Trade



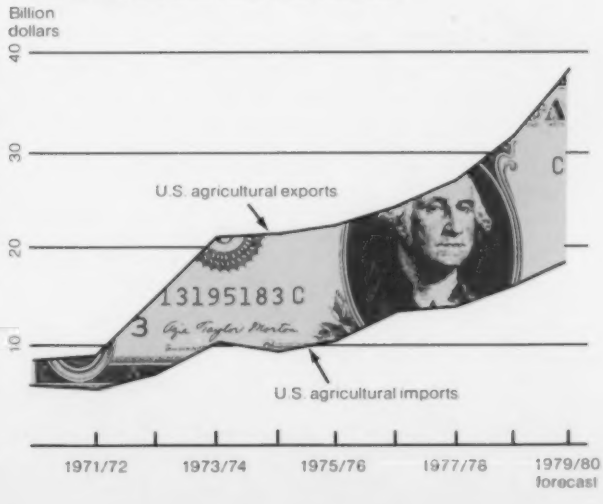
. . . By Boosting Sales to Most Markets



Grains and Oilseeds are the Best Sellers



. . . Fattening the U.S. Farm Trade Surplus



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